

## EXECUTIVE SUMMARY OF UTAH'S TRUST LAND STORY

Margaret Bird  
February 8, 2011

### **History of school trust lands in a nutshell:**

The concept of granting lands for the support of education is intricately embedded throughout the history of America. In 1785<sup>1</sup>, prior to passage of the U.S. Constitution, the Continental Congress reserved one square mile out of every thirty-six square mile township "for the maintenance of public schools."<sup>2</sup> Beginning in 1850, two square miles were granted to schools, then in 1894 with Utah, Arizona and New Mexico four square miles per township were granted. The lands were granted in trust. In each state constitution, states accepted the responsibilities of trustee, requiring the states to act with undivided loyalty in the best interest of the schools and other institutions that also received lands. Proceeds from the lands were to be placed in permanent funds, the interest of which only was to support the schools. These lands were not a gift since each state was required to give up the right to tax federal lands in exchange for the lands. Today most legislative and education leaders are left speechless when informed that schools are the beneficiaries of trusts containing 45 million acres (almost the size of Minnesota) and \$48 billion held in permanent funds for the support of public schools.

### **Fundamental Questions Raised by the Education Community in Utah:**

Beginning in the early 1980's, the State Office of Education researched the management of the school trust lands and the investment of the permanent funds. They found misused and neglected lands and raided and poorly invested funds. School children were subsidizing State Parks, wildlife, forestry, and mining and petroleum companies. By the 1990's education leaders in Utah began to ask:

1. How can we maximize the impact of this trust for students for the next 100 years?
2. How can we structure the land management to optimize revenue to our schools?
3. How can we generate greater returns from our permanent school fund?
4. How can we build public support for the productive use of school trust lands?

A Utah legislative Task Force studied the issues for two years. Under the leadership of Representative Mel Brown, the legislature removed the agency from the Department of Natural Resources and modeled the management after that of corporations. The legislature with the support of the education community expanded the State Treasurer's ability to develop a long-term investment strategy, including investing in equities as a prudent investor would. They directed all interest and dividends to each public school to be spent on academic programs developed and implemented by an elected school community council of teachers, parents, and the principal. Local school boards were the gatekeepers with the authority to approve the plans. Now 8,000 people implement incredible academic programs annually in 1,000 public and charter schools, including remediation, accelerated programs, science and computer labs, and other academic plans. They are knowledgeable and concerned about the contributions of school trust lands to the education of the children. Councils annually view a DVD about how trust lands make money for schools which has built support for those activities that generate the funds.

### **BEFORE AND AFTER COMPARISON:**

#### **BEFORE the reform:**

**\$83 million in school fund**  
**\$19 million gross FY1994 from lands**  
**Few had heard of school trust lands**

#### **AFTER the reform (Dec 2010):**

**\$1.08 billion in school permanent fund<sup>3</sup>**  
**\$109 million gross in FY2010**  
**75% know school trust lands help schools**

---

<sup>1</sup> May 20, 1785

<sup>2</sup> Laws of United States of America, 1789-1815, Vol. I, Chapter 32, pages 563-569.

<sup>3</sup> As of December 31, 2010